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SIPDIS

STATE FOR INL, EUR/ACE, EUR/CACEN
DOJ FOR OPDAT (LEHMANN/NEWMCOMBE), AFMLS, OCRS (STONE)
FBI FOR PHILLIP GADD

E.O. 12958: N/A

TAGS: [SNAR](#) [PGOV](#) [OTRA](#) [KCRM](#) [KJUS](#) [GG](#)

SUBJECT: GEORGIA/ANTI-MONEY LAUNDERING PROSECUTION
UNIT TAKES BILLION-DOLLAR CASE TO TRIAL AND PASSES
POLYGRAPH TEST

1. Summary. The DOJ supported anti money-laundering (M/L) unit of the Georgian Prosecutor's Office scored a first ever in Georgian jurisprudence by having a witness testify at trial pursuant to a plea bargain agreement. The case charges that the president of a local bank (and vice premier of Georgia in 1992) directed the laundering of a billion dollars through his bank. Further, in an affirmation of the eliteness of this unit and the confidence placed onto its members, 14 out of the 15 members passed a second (follow-up) polygraph test administered two weeks ago by a team of visiting FBI agents. End Summary.

Background

2. The Georgian Prosecutor's Office created a vetted unit last year to tackle high-level money laundering cases. At that time, all unit members had to pass a polygraph administered by the FBI to gain entry into the unit. With USD 30,000 in INL funds, Post DOJ Resident Legal Advisor renovated and equipped a stand-alone office owned by the Prosecutor's Office in the old section of Tbilisi and conducted a series of intensive trainings in the investigation and prosecution of these types of cases.

Gamma Bank Trial

3. This expenditure of money, training, and effort has paid off. To date the unit has initiated several significant investigations, each involving the laundering of millions of dollars received from banks in Russia. One of these, dubbed the "Gamma Bank" case, is currently in trial. Amiran Kadagishvili, the president of Gamma Bank, is in pre-trial detention and charged with receiving up to a billion dollars from a bank in Moscow over the past few years, and in turn wiring the received amounts to different banks in the US and elsewhere. Also, Gamma Bank was an authorized government collection agent for utility bills, notary fees, etc. The bank collected a million dollars, which instead of being turned over the government, was wired to an account in Montenegro. From there the money was transferred back into Georgia to shell accounts controlled by relatives of Kadagishvili.

4. Although trial commenced in June, hearings have been held only sporadically, with a total of five held to date. At a recent hearing, a bank cashier who flipped pursuant to a plea bargain and pled guilty to conspiracy to money laundering, testified that Kadagishvili had ordered her to create false loan accounts through which to pass funds. She was cross-examined by the defense counsel on the validity of her plea. Refusing to backtrack on her position, she stood firm (despite tears) in her assertion of her own guilt and that of the defendant's.

5. This hearing was quite significant as it showcased for the first time in Georgia the implementation of the trial techniques advocated by Post RLA and recently implemented into Georgian law; namely, use of a witness testifying pursuant to a plea bargain. The plea bargain provision was recently put into Georgian law upon recommendation by the RLA. The prosecutor handling this witness learned the technique at both a study tour sponsored by DOJ and a trial advocacy course taught by the RLA and visiting DOJ experts.

Polygraph

6. Two weeks ago all eleven members of the unit were administered polygraph tests by a team of visiting FBI agents. Also, four M/L investigators from the Ministry of Internal Affairs were polygraphed. Only one person (a prosecutor three months new to the M/L unit) registered deceptive on the question as to

whether he/she had accepted bribes in connection with their work. By order of the Prosecutor General, this prosecutor was immediately dismissed from the unit.

17. Post hereby makes special mention of and offers its thanks to the four FBI Special Agents - Phillip Gadd, Unit Chief; Joseph Edwards from New Orleans, LA; Jeffrey Newton from Columbia, SC; and Michael Shafer from Lexington, KY - for their dedication, hard work, and professionalism.

18. Comment. That only one out of fifteen failed the polygraph is quite a significant testament to the dedication and professionalism of this unit. Considering the high money environment and the culture of temptation, this unit is a model for the rest of Georgian law enforcement to emulate.

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